

The NATIONAL UNDERWRITER

Life Insurance Edition

A New England Mutual General Agent ANSWERS SOME QUESTIONS about

the broad liberality of our policy contract

William L. Wadsworth of Buffalo, New York, heads up one of the company's large and fast growing agencies. A public-spirited citizen, Bill saw service in World War I, and was cited by the Treasury Department in World War II for his work promoting the sale of war bonds. He has been associated with the New England Mutual for 36 years in both home office and field, and has seen for himself how the company's policy contract works to benefit policyholders and beneficiaries alike.



How does the New England Mutual's change of plan clause stack up?

"Today, as for the past 40 years, it's tops for liberality and all-round flexibility. The cost to the policyholder of converting to a policy with a higher premium rate is based simply on the difference in reserves, and not on difference in premiums with interest."

How about settlement options?

"The policy contains six liberal options of payment. The company will also tailor special agreements to fit an insured's personal situation. For a man retiring at age 65, the policy provides a life income, 10 years certain, of \$6.21 per \$1000 of proceeds."

When does the insured start getting dividends?

"Dividends are credited at the end of the first policy year and are *not contingent* upon payment of the second annual premium. After that, if the policy becomes a claim by death, a post-mortem dividend is paid — in full. The policy also affords unusually liberal cash values, even in the early years."

What does it cost to pay premiums semi-annually or quarterly?

"The New England Mutual has the lowest charge of any major company. If the annual premium is \$100, the semi-annual is \$50.88, and the quarterly is \$25.69.

"But that's not the whole story. The insured has the right to reinstate, without medical evidence, for an extra 31 days beyond the grace period. Also, paid-up insurance and extended term both participate in dividends. The net of it is that in total guaranteed privileges and general liberality, the New England Mutual contract is unsurpassed by any other policy."

The NEW ENGLAND MUTUAL



MUTUAL

Life Insurance Company of Boston

THE COMPANY THAT FOUNDED MUTUAL LIFE INSURANCE IN AMERICA—1835

FRIDAY, OCTOBER 22, 1954



Special note to Surplus and Brokerage producers

CHECK THESE PHOENIX MUTUAL ADVANTAGES

1. LIBERAL STANDARD AND SUBSTANDARD LIMITS

Standard: Permanent Plans — \$350,000, ages 20 to 45
\$100,000, ages 60 to 70
Renewable Term up to \$200,000
Substandard: Up to \$200,000 and to 500% mortality
Term Insurance considered.

2. NO REINSURANCE COMPLICATIONS

The Company has no reinsurance connections and the above limits represent its own retention.

3. OTHER COMPANIES' REPORTS ACCEPTED

Photostatic copies of other companies' examination reports will be considered, thus eliminating the hazards incident to arranging for new examinations, and saving time for your busy clients.

4. LIBERAL COMMISSIONS

55% top first commissions graded by plan to produce exceptional over-all return. Full commission paid on all extra premiums except aviation and temporary flat extras.

5. RENEWALS UP TO 14TH YEAR

Renewal commissions are three years at 8% and six years at 4% — plus five additional years at 3% contingent upon premium volume. Single case agreements offer three renewals at 14%.

6. CASE DEVELOPMENT

We'll be happy to help you develop your unusual cases and are equipped to offer expert medical counsel plus fast service.

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next case—
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YOUR NEAREST

Phoenix Mutual Manager

PHOENIX MUTUAL LIFE INSURANCE COMPANY
OF HARTFORD, CONNECTICUT

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Life Insurance

58th Year, No. 43
October 22, 1954

N. Y. Regulation Holds Threat of U. S. Supervision

R. C. Guest, in Talk at Actuaries' Meet, Warns of What Could Happen

BOSTON—New York's system of state supervision of life insurance has become, in effect, nationwide regulation, creating the hazard of confusion or even chaos, if other states should adopt similar legislation, Richard C. Guest, president of the Society of Actuaries and vice-president of Massachusetts Mutual Life said in his presidential address at the opening session of the society's annual meeting here.

Mr. Guest said that over a long period of time New York has enacted legislation and promulgated regulations of such a nature that we now have nationwide supervision of insurance through the medium of this one state insurance department.

The hazard in such a system, requiring all out-of-state companies to conform to New York regulations, even in regard to out-of-state business, was indicated by Mr. Guest when he said that "any attempt by other states to enact such a program might conceivably precipitate chaos. Under such conditions, it would seem that Congress would be justified in reconsidering the question of federal supervision."

He pointed out that if one state continues to assume the role of a nationwide supervisory authority this could be expected to result in challenge, followed by some form of corrective action.

Mr. Guest traced the history of life insurance supervision from its inception to its present complicated structure, saying that supervision in the United States represents one of the most detailed systems of legislative and regulatory restriction in existence. British supervision, he pointed out, involves a minimum of governmental intervention, relying heavily upon the actuary and publicity; the Canadian system, with its combined dominion and provincial regulation, is more detailed than that in Britain and less so than the U. S. system.

"Although it would seem that the established interrelationships in Canada leave little to be desired, instances of extreme divergence from uniformity and the growing tendency toward more detailed regulation in the United States might well be remedied," he said.

Three specific suggestions were made by Mr. Guest for immediate improvement in the United States system of regulation:

1. The commissioner should have more discretionary power in certain instances than he currently has. The supervisory official should have discretion at least to approve a clause or action which he considers more favor-

NEAR LINCOLN MEMORIAL

NALU Location Committee Picks Washington Site

WASHINGTON—The National Assn. of Life Underwriters location committee, which has been seeking suitable sites for the projected NALU headquarters building in this area, has settled on a site at 22nd and C. streets, N. W., a short distance from the Lincoln Memorial, according to John D. Marsh, Lincoln National Life, Washington, D. C., a member of the location committee.

The site is also close to other important buildings, including the new State Department building and the offices of the Federal Reserve Board, Atomic Energy Commission, and National Academy of Science. It is also close to the Central Mall Park and not far from the Potomac river.

Charles E. Cleeton, Occidental of California, Los Angeles, chairman of the committee, will submit names of architects to the committee, which will decide who will design the headquarters building.

The committee's decision disposes of the report that a site near the Acacia Mutual Life building or one in Arlington, Va., across the river, would probably win out. There was also a rumor that the location committee was having such a hard time finding suitable property at anywhere near what NALU was prepared to pay that it might not be practicable to locate in Washington, after all.

Sept. Sales Record in Total, Ordinary and Industrial

September sales of life insurance, amounting to \$2,958,000,000, brought sales for the first nine months to \$27,450,000,000 up 3%, according to LIA-MA. This was the largest September total on record, a 7% increase.

Sales of ordinary in September were \$1,945,000,000, up 9%. This was a new September record for ordinary.

September industrial sales amounting to \$535,000,000, up 1%, set a new September record for industrial.

Group sales were \$478,000,000 in September, up 8%. These represent new groups set up and do not include additions under group contracts already in force.

In the first nine months, total life insurance sales were up \$928 million. Ordinary accounted for \$18,250,000,000, up 5%. Industrial was \$4,933,000,000, up 1%, while new group amounted to \$4,267,000,000, practically no change.

Figures do not include credit life coverage.

Gaffney, N. J. Commissioner, Goes With Surety Assn.

Warren N. Gaffney, New Jersey commissioner, has been elected general manager of Surety Assn. of America.

Mr. Gaffney, who has been commissioner since 1950, will have overall supervision of the activities of the association comprised of 74 companies engaged in the fidelity and surety business. He was graduated from Fordham university law school in 1922.

FTC Complaints Are Filed Against 17 A&H Insurers

Companies' Premiums Total \$300 Million, One-Third of All Individual Policies

WASHINGTON—The Federal Trade Commission has issued complaints against 17 companies writing A&H and hospitalization insurance, charging false and misleading advertising. The 17 companies account for more than \$300 million in annual premiums, representing about a third of the total individual-policy A&H business in the United States. Each company is allowed 20 days in which to file its answer.

In the following list of companies complained against, the date shown is that set for the first hearing on the charges against the company. Each

FTC chief says state regulation not being preempted. Story on page 5.

hearing will be held in the company's domiciliary city. Numbers following the date are those used by the FTC in its announcement to classify various types of practices on which the commission based its complaints. Practices comprised in each of these classes are listed immediately following the company list.

The 17 companies are:
American Hospital & Life, San Antonio. Dec. 20, 1,2,3,8.

American Life & Accident, St. Louis. Dec. 14, 1,2,3.

Automobile Owners Safety Ins. Co., Kansas City. Dec. 13, 2,7.

Bankers Life & Casualty, Chicago. Dec. 15, 2,3,5,6,7.

Commercial Travelers, Salt Lake City. Dec. 17, 1,2,3.

Commercial Travelers Mutual Accident Assn., Utica, N. Y. Dec. 20, 1,2,5.

Guarantee Reserve Life of Hammond, Ind. and its officers, Ben Jaffe, Jerome F. Kutak and Eugene Jaffe. Dec. 8, 1,2,3,4,7.

Guarantee Trust Life, Chicago. Dec. 13, 2,6,7,8.

Illinois Commercial Men's Assn., Chicago. Dec. 10, 1,2,8.

LaSalle Casualty, Chicago. Dec. 14, 1,2,3,7.

Life Ins. Co. of America and its officers, John W. Kane, Sydney Himell, Nelson Currier, Frank Siegrist and Julius Katz, Wilmington, Del. Dec. 21, 1,2,3,8. This company and its officers are charged additionally with falsely representing that the firm is an old established reliable life insurance company, and one of the pioneers and leaders of the accident and health insurance field. The complaint cites such claims as "one of America's leading underwriters of hospitalization insurance" and "the company behind your policy is strong, reliable...one of the pioneers in hospitalization insurance..." Actually, the complaint says, the corporation is less than two years

Late News Bulletins . . .

Society of Actuaries Elects Walter Klem

BOSTON—Walter Klem, senior vice-president and actuary of Equitable Society was elected president of the Society of Actuaries at the annual meeting here. He succeeds Richard C. Guest, vice-president of Massachusetts Mutual Life. Except for service as a naval officer during the second world war, Mr. Klem was with Mutual of New York from 1918 to 1947. He became associate actuary in 1941. He joined Equitable Society in 1947 as 2nd vice-president and associate actuary, becoming senior vice-president and actuary last year. He was for a number of years secretary of the Actuarial Society of America, which preceded the present society, which he has served as vice-president. Last year he was named by President Eisenhower to serve on a three-man board to aid the Defense Department in setting up a new system of pensions for widows and children of those in the armed forces.

The society elected as vice-presidents for two-year terms William A. Anderson, vice-president and managing director of North American Life of Toronto, and C. A. Spoerl, assistant vice-president and actuary of Aetna Life. Tallying of ballots for the new members of the board of governors was still in progress at press time.

Insurance Advertisers to Fight FTC Action

Alvis Layne, counsel of Insurance Advertisers Assn., four members of which are included in the 17 FTC complaints, announced his group will fight the FTC action. He charged that, inspired by a desire for publicity, FTC has abandoned all its prior policies. It is "extremely unfortunate that the commission should make a surprise attack on smaller companies, which will affect their financial ability and integrity," he said.

Mr. Layne said FTC issued its complaints though each FTC member knew that the FTC could have the complete cooperation of the companies without adverse proceedings in securing changes of any advertising that could be

(CONTINUED ON PAGE 16)

(CONTINUED FROM PAGE 19)

Protection Geared to Dollar's Value Should Be Probed

Sherwin Badger of New England Mutual Warns of Risk of Losing Business

The financial vice-president of a conservative life company in a conservative section of the country is convinced that the life insurance business had better get busy and investigate ways of gearing life insurance and annuity income to changes in the purchasing power of the dollar.

"I believe we should be investigating the possibility of our providing forms of annuity and life insurance protection which could be geared, in part at least, to changes in the purchasing power of the dollar," said Sherwin E. Badger of New England Mutual Life at the recent Financial Section meeting of the American Life Convention at Chicago.

"If these questions are to be approached," he said, "it must be with open minds, not fettered by a blind allegiance to the beliefs and customs of the past. Of one thing I am sure: If we fail to offer all the kinds of protection which the American public legitimately needs and wants, somebody else will offer it and take the business away from us."

In support of his belief that life companies should do some open-minded research into their future competitive position Mr. Badger cited these developments of the last two years:

1. The growth in volume of non-insured pension plans.

2. Packaged plans combining some form of life insurance on the one hand and mutual investment companies on the other.

3. The emergence of variable annuity plans either to supplement or replace the fixed-dollar annuities offered by life companies.

Mr. Badger said "there is convincing evidence of important basic changes in our economic surroundings, particularly in the utilization of monetary and fiscal techniques and their results.

"It seems to me possible that these will have greater effects over the years upon life insurance investment, upon life insurance techniques, and upon our competitive position in the American economy than we have yet fully grasped," he said. "To be specific, I believe the best brains in our industry should be giving consideration as to the advisability of seeking further liberalization and modernization of our investment statutes so as to permit greater latitude in investing in real estate, including purchase and leasebacks, in forests and similar natural resources, as well as in common stocks. Perhaps also we should re-examine some of our ideas as to how life insurance assets should be valued, particularly as regards preferred and common stocks."

It was at this point that Mr. Badger urged the investigation of life insurance and annuity protection geared at least in part to the dollar's purchasing power.

In discussing the government's use of fiscal and monetary techniques, Mr. Badger pointed out that the country is in an inflationary frame of mind and this attitude is dominating long-range business planning.

"One of the most interesting phenomena is the fact that most informed people, whether they be bankers, business men, insurance men, economists or what not, have apparently accepted further long-range deterioration of the dollar as inevitable and they have decided to act according to this conviction," he said. "No longer are eyebrows raised or protests made when people predict that the value of the dollar will go lower and lower. The debate is not as to the direction

(CONTINUED ON PAGE 14)

LIAMA to Tip Hat to Canada on Second Day of Conference

A fellowship breakfast for representatives of member companies that do business in Canada will start the second day of the annual LIAMA meeting at the Edgewater Beach Hotel, Chicago, Nov. 9-12. The program for the first day was reported in last week's issue.

M. P. Hughes, manager at London, Ont., for Imperial Life of Canada and president of Life Underwriters Assn. of Canada, will open the Nov. 10 general session with a report for the Canadian field force, entitled "Who Cares?" Field problems in the U.S. then will be covered by Robert L. Walker, manager at Orlando, Fla., for Peninsular Life and president of National Assn. of Life Underwriters.

The main theme of the meeting, "Organizing for Sales", will be examined from the agency department angle by D. E. Kilgour, assistant general manager and director of agencies of Great-West Life, and from the company angle by Dudley Dowell, executive vice-president of New York Life, in talks entitled respectively "The Reason Why" and "A Company Organizes for Sales."

Participating in an afternoon symposium on trends in the business will be Ardell T. Everett, 2nd vice-president of Prudential, who will discuss A&H; Raymond H. Belknap, vice-president of Continental Assurance, brokerage; J. Harry Wood, editor of CLU Journal, mutual funds, and Haughton Bell, vice-president and general counsel of Mutual of New York, variable annuities. A. R. Jaqua, director of Southern Methodist Institute, will summarize the symposium.

Later that afternoon, S. Rains Wallace, Jr., LIAMA research director, will speak on "How Many Agents Do You Really Have?" and O. Alfred Granum, Northwestern Mutual, Amer, Wis., will explain why his is "A Wonderful Career."

Following the general session, Henry E. Niles, vice-president of Baltimore Life, will show movies of India taken while he was deputy director of the Point Four program. Kenneth D. Hammer, vice-president and agency director of Pan-American Life, will preside at a fellowship dinner of agency management conference (formerly small companies committee). The speaker will be Justin Wilson, humorist from Baton Rouge.

Schrivener in Europe on American Heritage Foundation Mission

NEW YORK—Managing Director Lester O. Schriven of National Assn. of Life Underwriters is one of a party of 63 trade association, labor unions, and church organization executives who are spending eight days in Germany and France under American Heritage Foundation auspices, mainly to become acquainted with the foundation's radio-free-Europe program. The group flew from New York, arriving Thursday at Munich, where the agenda includes briefing on the radio project and visits to the transmitting station and to the studios for an interviewing and recording session.

In Berlin the party will meet with German and U. S. government officials and civic and labor leaders, and also go on a U. S. army tour of Berlin, in-

cluding the Russian sector. The group will spend Thursday in Paris, receive a briefing from Gen. Alfred Gruenthal at SHAPE headquarters, and take off for New York that night.

NALU worked closely with American Heritage Foundation two years ago in the latter's "get out the vote" drive and was one of the most active participants in the campaign.

Pittsburgh CLUs Plan Forum

Participating in a forum on "Social Security Federal Revenue and You," to be sponsored Oct. 29 by the Pittsburgh CLU chapter, will be these Pittsburgh men: Thomas Hughes, local manager of the social security administration and formerly general agent for Equitable of Iowa at Erie; Jerome C. Bachrach, partner in the law firm of Bachrach, Sanderson & Co.; Henry Cooper, partner in the law firm of Rose, Rose & Houston, and A. M. McNicole, vice-president of Fidelity Trust Co.

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Sales Prom. Manager....	15,000.00
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Asst. Med. Director.....	13,000.00
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Radio and Television in room.
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**800 ROOMS \$3.00
WITH BATH**

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INSURANCE COMPANY

Mutual—Established 1905

INDIANAPOLIS 7, INDIANA

AGENCY OPPORTUNITIES in Illinois, Indiana, Iowa, Ohio, Michigan, Minnesota, Missouri, North Dakota, Texas

Actuaries Hear A&H Improvements Outlined by Phillips at Annual Rally

BOSTON—Wider use of "deductibles" and waiting periods in connection with A&H was suggested as desirable in reducing claim costs, better meeting policyholders' needs and helping to further spread this type of protection, in a paper presented here at the annual meeting of Society of Actuaries by James T. Phillips, vice-president and chief actuary of New York Life.

Mr. Phillips pointed out that 72% of his company's claims were for \$100 or less; in the case of hospital expense policies, 80% were of this size; and on one type of accident policy, these smaller claims accounted for 87% of the aggregate.

He indicated this claim experience pointed to the need for increased use of deductible amounts, exempting certain initial expense amounts, and longer waiting periods before claim payment began, rather than first-dollar, first-day coverage. It was his suggestion that more emphasis could profitably be placed on insurance against less frequent but more substantial A&H costs.

"The answer might be, for hospital and medical expense benefits, that the insured might be required to bear the first \$25 or \$50 or so of the actual cost of such benefits," he said. "Similarly, for loss-of-time coverages, the benefits presumably might begin with the eighth day or even later. If we are to inculcate a conception of sound insurance principles in the public mind, we have to educate the public away from expecting coverage for the first dollar of claim cost—a cost which is more in the nature of a budgetary item."

Another suggestion made by Mr. Phillips was wider use of policy renewal provisions which give up the right to refuse renewal solely because of change in physical condition. An obvious alternative, he indicated, would be the adoption of non-cancellable insurance, but past experience has in-

dicated that many dangers are involved in the issuance of such policies.

"The best answer might be for the company to give up the right to refuse renewal solely because of a change in physical condition," Mr. Phillips continued. "This would give the policyholder assurance that the policy will not be cancelled because his health has deteriorated. It leaves the company

free to refuse renewal or to renew with modified premiums or conditions, for such reasons as moral hazard, over-insurance or a change to an uninsurable occupation. Under this type of provision, the company also retains the right to change the scale of premium rates of all such policies or those in certain classes, if the experience should prove unprofitable."

The detailed experience of the New York Life in its two and one-half years since first starting to write A&H insurance was reviewed by Mr. Phillips as a guide to other life companies

entering the field. Since 1950, nine companies with a billion or more of ordinary life insurance in force have entered this field, he said, and an equal number had entered prior to 1950. Today, 18 of about 42 companies in this category now write A&H and "there is reason to believe that the trend of life companies entering this field will continue."

Horace Mann group of Springfield held an open house at its new home office in conjunction with the directors' meeting of Horace Mann Mutual Casualty and Horace Mann Life.

Here's a real record...



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reasons
why...



1. Training is a reason. It's a 5 phase (not 2 or 3) training program that's available to Northwestern Mutual agents. It carries on for 30 full months.

2. Product is a reason. Life insurance in one of the six largest companies with a reputation for low net cost is the product that Northwestern Mutual agents sell.

3. Advertising is another. Northwestern Mutual agents like the advertising that their company does. They use millions of reprints to open doors and make sales.

4. General Agents, too. That Northwestern Mutual is known as "The Career Company" is largely due to the high calibre of their general agents.

If You Are Good Why Play "Second Fiddle?"

If you are a good producer, we have an unusual DIRECT CONTRACT which automatically puts you in "first chair" with a "virtuoso's share" of the premiums.

We have an exceptionally fine portfolio of standard and special life policies, plus accident, sickness, surgical benefit and hospitalization coverages.

DIRECT AGENCY openings in: Maryland, Ohio, Indiana, Iowa, Kentucky, Missouri, Mississippi and Arkansas.



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Sept. of Agents

Mutual Savings Life
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The NORTHWESTERN MUTUAL Life Insurance Company

MILWAUKEE, WISCONSIN • ESTABLISHED 1857

'Exposure Ratio' Found Accurate Barometer of How Much Business Agent Will Produce

How much business an agent exposes himself to is a surprisingly accurate forecaster of how much business he will sell,



Horace R. Smith

takes into account not only the volume of business the agent exposes himself to but also the quality of it.

"In terms of volume," said Mr. Smith, "the first-year man may be expected to sell from 5% to 10% of exposure. After the first year we may expect the sales effectiveness to climb steadily from 10% to 30% of exposed volume each month."

Certain variations occur, he said, for example the sales process—a question

of whether it is packages, programs, or at the higher levels of business insurance and estate work that the man is operating in.

"One thing we know and that is that successful agents develop a pattern," Mr. Smith said. "These patterns may be either consciously or subconsciously operating. The key to increased production lies in the disclosure of the pattern to the man and in operating in accordance with what he learns from its examination, in terms of improved sales and personal efficiency."

Sufficient exposure furnishes management with the necessary guide to pinpoint the problems of the new and established agent, Mr. Smith observed.

It is only by sifting information from the field that supervisors can determine whether agents are meeting their problems and succeeding or not meeting them and failing in the business.

The most effective training techniques are based on this information, and the agent, in gathering it, is contributing to his own training in the

most effective way. Although it can be argued that the art of selling can be taught in the office and through joint interviews, the public ultimately does the best job if the agent is properly conditioned and oriented.

What goes on during the sales interview is something management may never know, Mr. Smith said. It does know, however, what the agent has been trained to do and what kind of prospects he is seeing, and that the successful man has a pattern.

If there is enough disclosure of the selling pattern to the man, and if he operates in accordance with what he learns from its examination, in terms of increased sales and personal efficiency, he has forged his own key to increased production, Mr. Smith declared.

and distribution of dividends, he said. Citing such disasters as the 657 deaths in the 1938 New England hurricanes, 561 in the Texas City explosion, 492 in the Cocoanut Grove fire, 6,000 in the Galveston tidal wave, 2,209 in the Johnstown flood, Mr. Green pointed out that many deaths and large claim amounts might be involved in a single disaster. Recent expansion of group insurance, pension trusts and salary savings plans has added to the catastrophe hazard in many areas.

"In a large business insurance case, an underwriter may limit his company's risk to \$200,000 on an individual life, but take well over \$1 million total on a group of men who work together, travel together or even play together," he said.

The catastrophe hazard looms more important relatively in connection with coverages where the premium or surplus is low in relation to the potential liability, according to Mr. Green. In this category are accidental death insurance, group, term or newly introduced plans.

Mr. Green referred only to peace-time catastrophes, saying that "the wide-spread civilian loss of life resulting from use of atomic or hydrogen weapons in time of war is so great as to be immeasurable and uninsurable within practical limits."

K. C. Life Arizona Agents Meet

Arizona agents of Kansas City Life attended a sales conference at Phoenix, with H. M. Alton, general agent there, presiding. Attending from the home office were J. T. Langston, assistant general counsel; V. N. Barnes, director of field training, and G. S. Gallupe, division supervisor, field training department.

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...a Company geared to placing Brokerage and Surplus business with—

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- individualized, liberal underwriting.
- prompt action by a Home Office and Field force who know how to handle Brokerage business.

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life insurance in force exceeds
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PLUS: One of the most advanced agents training programs in the nation . . . Supervised offices . . . Trained Group men to assist agents . . . An alert Underwriting and home office staff . . . Top commissions.

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Home Office, Dallas

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ONLY FIRST BATCH OF COMPLAINTS

Not Usurping State Regulation, FTC Says

WASHINGTON—At a press conference Chairman Howrey of FTC said the complaints filed against 17 A&H insurers "does not represent activity in an area properly subject to the exclusive jurisdiction of state governments." He said also that "we are not in any way trying to regulate the insurance business. That is a matter for the states."

All state insurance commissioners have been contacted by FTC representatives or vice versa, he added. He said he assumed when the information in the complaints is brought to their attention they will try, if they can, to get these practices stopped.

This represents only the first batch of complaints, he said. On these 17 "our jurisdiction is pretty clear," he stated, under public law 15. "We have found some practices engaged in by hundreds of other companies" that appear to be objectionable. However, FTC is doubtful of its jurisdiction in some of these other cases because of the operation of state laws. The 17 complaints relate to the advertising activities of companies subject to federal jurisdiction.

He referred to self-regulation codes of certain groups, particularly those of A&H Underwriters Conference and Bureau of A&H Underwriters, which represent a total of some 20 companies. He expressed appreciation of cooperation received by FTC from the insurance commissioners.

Mr. Howrey said FTC is studying the advertising of group A&H writers, but made it clear group business is not involved in commission complaints to date.

He declared FTC does not want to penalize companies, but to stop objectionable practices. He said 800 insurers have been investigated. He was not certain that the field has been completely covered because it is a new, rapidly growing business.

He declared there is no connection between FTC action and the administration's reinsurance program. The FTC is concerned with only one issue, whether policies live up to the published advertisements. It is not concerned with terms of the policies themselves, which are subject to state regulation. Published advertisements could mean mail order representation and agent solicitation.

He said FTC would be prepared to

consider a consent order against insurers. Under this procedure, facts can be admitted and terms of an order agreed upon. This procedure would save the government a lot of money, he said.

Insurance people believe the cited companies will challenge FTC jurisdiction on the ground that state laws provide for regulation. View of some

people is even though there may be state laws, their enforcement or administration in many instances is not sufficient to constitute real state regulation within the meaning of the McCarran act.

Northwestern Mutual Reduces Term Rates

Northwestern Mutual, effective Jan. 1, is reducing gross premium rates for 1, 2, 3, 4 and 5 year initial term policies. Disability rates are unchanged inasmuch as they depend on the ordinary life premium assumed to be waived in

the event of disability.

The lower rates are available now if a preliminary short term period (but less than three months) is used, which will result in the policy having its first regular premium due date after Jan. 1.

The minimum face amount for which each term policy will be issued on the new term rates is \$3,000.

West Coast Life Joins LAA

West Coast Life has become a member of Life Association of America as a result of action taken by the board at a meeting Oct. 15.

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TOP COMMISSION on 15 leading contracts.
Long term vested renewals. Cash bonus
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MONEY-MAKING SALES PACKAGES. New!
Colorful! Dynamic! Plus a new, easy-to-
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Columbus 16, Ohio

Carl Mitcheltree, Pres.

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Arizona, California, Delaware, Florida,
Illinois, Indiana, Iowa, Kansas, Ken-
tucky, Maryland, Michigan, New
Jersey, North Carolina, Ohio, Penn-
sylvania, Texas, Virginia, Washington
D. C., and West Virginia.

Think Beyond Mere Needs, Clark Tells Hancock Leaders

Life insurance will make its greatest progress in the hands of agents who think in terms of use in addition to need, Paul F. Clark, president of John Hancock, said at the company's annual meeting of general agency leaders at White Sulphur Springs.

Pointing out that the present high standard of living did not come about by accident, but by the efforts of salesmen who carried to the people something more than products for a need, Mr. Clark said that life insurance will always serve the basic financial needs of its policyholders but programming for appeal as well as protection fits the sales procedures today and is necessary if the business is to continue its fundamental role of providing for a continuance of the standard of living.

Other featured speakers were Byron K. Elliott, executive vice-president; R. Radcliffe Massey, vice-president of the general agency department; E. Taylor Chewning, president of United Clay Products Co., and a Hancock director; and William H. Gove, vice-president

and director of sales of EMC Recording Corp.

Holgar J. Johnson, president of Institute of Life Insurance, and William C. McKeehan, vice-president of J. Walter Thompson Co., spoke.

Hancock agents who addressed the convention were Arthur T. Prew of Detroit, Walter B. Lichtenstein of Indianapolis, William F. Grace of New Orleans, Edwin R. Erickson of Buffalo, John L. Buchanan of Wichita, Lloyd J. Lynch of Detroit, Thomas C. Winter of Seattle, Charles F. Hais of Cincinnati, Alvin E. Katz of Buffalo, William Rafkind of Jacksonville, Howard F. Roeding, Benjamin Y. Brewster, Albert C. Adams, Jr., John S. Dugger and Joseph E. Morgan, of Rochester, N. Y. The four Rochester agents with General Agent Anthony J. Klug as chairman, gave a presentation on direct mail techniques.

Willis E. Davis, Louisville, was honored as leading agent of the company in both total volume and total ordinary volume. This is the sixth consecutive year Mr. Davis has led in the sale of ordinary.

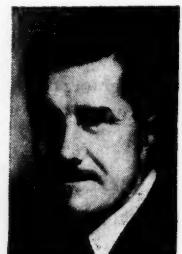
Joseph N. Desmon, Buffalo, led all agents in ordinary premiums and Donald Shepherd, Boston, led in total premiums, and R. A. Ellinghaus, Baltimore, sold the greatest number of policies to individuals.

Anderson Resigns as Hancock V-P; Maher Is Successor

Olen E. Anderson, vice-president and a director of John Hancock, has resigned for reasons of health. Frank B. Maher, vice-president, has been



O. E. Anderson



Frank B. Maher

named to succeed Mr. Anderson as head of the district agency department.

Mr. Anderson joined the company at Philadelphia in 1921 and served as assistant district manager and field supervisor before becoming supervisor of district agencies in 1933. He later became regional district manager in Greater New York and then district manager. He was named superintendent of agents in 1940, director of agencies in 1942, 2nd vice-president in 1943, vice-president in 1945 and a director in 1950.

Mr. Maher started with the company in 1923 at the Yonkers district agency. For seven years before he was called to the home office in 1941, he was field supervisor in the New York area. He was director of district agencies from 1946 until 1951, then being named a 2nd vice-president and a vice-president in 1953.

Hear Gregg at Bloomington, Ill.

David W. Gregg, new president of the American College, addressed a Central Illinois CLU chapter conference dinner at Bloomington, Ill. Designations were presented to Paul G. Anderson and Morris G. Fuller, of

State Farm Life, and Robert H. Kohler, Prudential, all of Bloomington. Mr. Fuller is president of State Farm Life and believed to be one of the few men ever to receive the designation after becoming a life company president.

Dr. Gregg reported today that central Illinois has more CLU's per capita than any other area in the U. S. He paid tribute to the chapter and to its president, A. R. Mann, Connecticut Mutual, Decatur.

Travelers Opens Branch Office in San Diego

Travelers companies have opened a new branch office in San Diego, to handle life, accident and group, and casualty, fidelity and surety lines. It will serve policyholders and representatives of the companies in two counties of California. The new office is located on the first floor of a new building at 1501 Sixth avenue.

Clarence L. Clark has been named manager of the life, accident and group departments; William H. Hines, manager of casualty, fidelity and surety; Harold Smethurst manager of fire and marine with headquarters in Los Angeles; D. R. Stanley office manager, and Theodore R. Leutzinger supervising adjuster.

Mr. Clark joined Travelers in 1938 as a field supervisor in New York City. In 1940 he became salary allotment supervisor, and upon returning from the service was named assistant manager in charge of the San Diego agency office, which until now has been under Los Angeles.

Mr. Hines began with Travelers in 1942 as a field supervisor in Los Angeles, became assistant manager in 1950 and has been at San Diego since 1952.

Madison, Wis. A&H Elects

Courses offered insurance students at the University of Wisconsin were described to members of Madison A&H Underwriters at their October meeting by Prof. Erwin A. Gaumnitz. Charles H. Gilbert, Woodmen Accident, newly elected president of the state association, was also a speaker.

Officers named at the meeting are H. G. Raymond, president; M. J. Bending, vice-president, and Barbara Salisbury, secretary-treasurer.

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We call this our "Stop and Go" plan.

It allows parents to build a substantial insurance estate for their children at low juvenile rates . . . Then at age 21 the children may GO on with the plan and have five times the original insurance protection, with no added cost. This amount will be paid up at age 60.

Or they may STOP payments and receive a choice of the following benefits:

- Paid up insurance equal to about 2½ times the original face value.
- Extended term insurance for 41 years.
- Accept a liberal cash settlement.

Sales Aids—High-powered sales ammunition produces qualified prospects and helps close the sale. Direct mail material, custom designed for this plan, is FREE to our agents in unlimited quantities including all postage costs.

• We offer excellent opportunities for rapid advancement in many territories in the U. S. and Canada. Write to Robert O. Shepler, Field Director, for complete information.

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A LIFE INSURANCE SOCIETY

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Medical Directors in Midwest Organize; Pearson Chairman

Midwestern Medical Directors Assn. was formed at a meeting at Indianapolis by insurance company doctors from five states. The organization will hold semi-annual sessions.

Dr. John S. Pearson, American United Life, was elected the first



Dr. John S. Pearson, American United Life, chairman of the new Midwestern Medical Directors Assn., flanked by Dr. John L. Humphreys, Lincoln National Life, vice-chairman, left, and Dr. William F. H. O'Neill, Franklin Life, secretary.

chairman. The vice-chairman is Dr. John L. Humphreys, Lincoln National, and the secretary is Dr. William F. H. O'Neill, Franklin Life.

Dr. Louis Schwab, Union Central Life, is in charge of arrangements for the second meeting, which will be held at Cincinnati in April.

Medical directors of life companies in Indiana, Illinois, Ohio, Kentucky and Tennessee are being invited to join the association. It was announced the new group will in no way conflict with the activities of the national organization of medical directors.

W.F. Spotz Named Chicago Manager for Bankers, Iowa

William F. Spotz has been named manager at Chicago for Bankers Life of Iowa to replace Warren F. Groce who has resigned to return to Pennsylvania and go into business with other members of his family.

A field supervisor since 1953, Mr. Spotz joined Bankers in 1951 as a supervisor at Pittsburgh. He entered insurance in 1946 with State Mutual Life in the Pittsburgh area. In 1949 he was made manager of the life department of a Pittsburgh general insurance agency.

Nebraska A&H Men Elect

David Tipton of Lincoln was elected president of Nebraska State Assn. of A&H Underwriters to succeed Austin Bear of Scottsbluff, who becomes board chairman and a vice-president. George Harding of Omaha is also a vice-president. Named secretary-treasurer was Lloyd Lippstreu of Lincoln. The election was held at a one-day convention and sales congress of the group.

N.Y. Life Managers Set Meet

The fall meeting of Life Managers' Assn. of Greater New York will be

held Oct. 28 in the Hotel Statler. The program, "Selecting and Supervising the Supervisor", consists of four speakers: Brice McEuen, director of schools, LIAMA, "What is the Supervisor's Job?"; Lewis C. Sprague, general agent, Provident Mutual, "Full-Time"; William C. Smerling, manager, Connecticut General, "Brokerage"; and Vincent B. Coffin, senior vice-president, Connecticut Mutual, "Summation". A personal invitation has been extended to the agency vice-president of each company represented by the membership. Because the nature of the meeting, supervisors, assistant managers, etc. will not be present. All admittance will be by ticket only.

Mass. Mutual Is 94th Member of A&H Bureau

Massachusetts Mutual Life has been elected a member of Bureau of A&H Underwriters. This is the eighth new company to join the bureau in the past year and brings company membership to 94.

occupational disability benefits. The council is directed to submit a report to the governor and the legislature and has been making a study of such legislation in Rhode Island, New Jersey, New York and Connecticut.

NAIC Group Unit to Meet

The group life subcommittee meeting of National Assn. of Insurance Commissioners will meet in the New York department offices Oct. 28, the agenda being a discussion of conflict of jurisdictions where a group contract has been issued in one state insuring residents of another state.

WHO WRITES WHAT?

WE DO!

Are you ever stumped trying to meet a client's Pension needs?

Northwestern National Life offers a wide variety of Pension and Profit-Sharing plans with special features to help solve the difficult case. They include:

A COMPLETE LINE of individual policies developed for smaller pension trust cases. For example, low-cost Life Paid Up at 75; Elective Income Endowment; Elective Annuity; Single Premium Deferred Annuity; and 10-Pay Immediate Annuity for older employees. Par and Non-Par.

A COMPLETE LINE of group coverage for larger retirement plans—Group Permanent Whole Life; Group Permanent Income Endowment; Group Annuities; Deposit Administration.

THE NWNL "COMBINATION PLAN"—Flexible, low-cost funding through ordinary or group permanent life insurance, plus Conversion Fund management without investment or actuarial cost and only 3% conversion charge. Excess interest allowed.

UNDERWRITING FEATURES: Automatic issue for both individual and group cases; graded death benefit or extra premium for substandard; pension trust class policies issued up to age 74.

For full details contact the nearest agency of

NORTHWESTERN NATIONAL LIFE OF MINNEAPOLIS

40 years' experience in brokerage service

EDITORIAL COMMENT

Example of Public Sheep-Mindedness

Of the various forms of public sheep-mindedness with which the insurance business has to contend, one of the silliest is the notion that a life company that shows itself in its year-end statement to be in debt to a bank is somehow in a shaky position. There are many times when it would be the part of sound management to have a sizable loan with a bank. In fact, a number of companies have such loans but because of fear of public disfavor get them cleaned up by the end of the year.

As G. D. Brooks, vice-president and treasurer of National Life & Accident, brought out in a forum at the recent American Life Convention meeting at Chicago, it is often convenient to "warehouse" mortgage loans and other transactions so as to bring about a greater degree of synchronization between a company's money available for investment and the opportunities it has

to invest. Use of bank money when it is inconvenient to dip into the life company's own funds may be an extremely sound way of obtaining a large and desirable piece of financing in a way that will insure the greatest profit to the insurance company and its policyholders.

Very likely the phobia against owing a bank any money that will show up in the year-end statement harks back to the depths of the depression of the 1930s when no life company wanted to do anything that could possibly be interpreted by the public or competitors as an indication of financial straits. With days of dubious life company solvency so far in the past, it is to be hoped that ways will be found to make use of bank credit, whenever it is a sensible procedure, and still keep the public from thinking that a company utilizing bank credit is any the less sound for doing so.

Mr. Badger Speaks Out for Realism

Financial Vice-president Sherwin Badger of New England Mutual Life has done the life insurance business a real service, we believe, by his frank recognition of the long-term inflationary trend that appears to be inescapable in a nation dedicated to managed currency and in which both political parties are committed to managing the currency and the country's fiscal affairs so as to keep prosperity ever with us.

In his talk at the recent Financial Section meeting of the American Life Convention Mr. Badger warned life companies against being too complacent about sticking with corporate bonds and other fixed-income evidences of debt as the mainstay of their investment portfolios. Managed currency kicks a lot of the traditional sensibleness out of these investments.

Mr. Badger suggests that life companies ought to look into this question realistically and if there is reason to get more into the equity field than heretofore, then to see about getting needed changes in investment laws that are based on the assumption, very likely outmoded, that safety for policyholders lies in trusting bonds and mortgages and eschewing equities save in very small doses.

Most significant, we believe, is Mr. Badger's statement that "we should be investigating the possibility of our

providing forms of annuity and life insurance protection which could be geared, in part at least, to changes in the purchasing power of the dollar." Mr. Badger is connected with a company whose conservatism cannot be questioned. He is known as one of the most forward-looking life company executives as well as a sharp analyst of what is going on.

It is too easy for the life insurance business to point with well warranted pride to its record in making good on its promises to pay out the number of dollars specified in life insurance and annuity contracts. It is too easy to overlook the fact that the policyholder cannot eat dollars. They are not even very good for fixing a roof that needs re-shingling. What the dollars will buy is the important thing. When the life insurance business fails to recognize this in a realistic and effective way it is opening the door to competitors who do.

It is all very well to say that life insurance premiums are paid in dollars of varying purchasing power and come back in dollars of varying purchasing power. The trouble with this argument is that over the years the trend of purchasing power has been downward. And with managed currency and a government dedicated to keeping everybody happy it is not a question of whether the future long-term trend

of the dollar's purchasing power is up or down. As Mr. Badger said, "The debate is not as to the direction of the dollar but how low it will go and how soon."

It is encouraging to hear a top executive of a large, conservative and highly respected company speaking out loudly and clearly for a realistic response to the challenge of the dollar's gradual degradation.

PERSONALS

Paul McNamara, president of North American Life of Chicago, with Mrs. McNamara, took off by air Tuesday from Los Angeles for Hawaii. They will take part in a "Victory" dinner Oct. 25 at Honolulu of the Gregg Ikeda agency. That organization rolled up a production of \$1½ million in the August contest centering on the Paul McNamara birthday. It came out second.

Returning, the McNamaras will be on hand for agency dinners in California, the state over which James Craft of Los Angeles presides for North America. There will be a wild duck dinner at Los Angeles and gatherings at San Francisco where the manager is Sam Opal, at San Jose, with Don Del Carle in charge, and at Long Beach.

H. W. Manning, vice-president and managing director of Great-West Life, was called to Toronto this week by Premier Frost of Ontario to inspect the hurricane devastated areas in and near Toronto, and to advise Ontario relief officials. Mr. Manning was chairman of the Manitoba flood relief fund in 1950 and is now president of the Canadian disaster relief fund which was created from the surplus contributed to the Manitoba fund.

A \$250,000 building to house the conservatory of music at Kansas City, Mo., was named Grant Hall in honor of **W. T. Grant**, chairman of Business Men's Assurance, at ceremonies attended by civic and business leaders in the area. Mr. Grant was president of the conservatory for many years.

Miss Sally Ann Nenner, daughter of **William J. Nenner**, Cleveland general agent for Penn Mutual Life, and Mrs. Nenner, was married in Cleveland to Francis W. Neville. The bride recently returned from Cairo, Egypt, where she was employed in the American Embassy.

Revises Non-Medical Limits

Columbus Mutual has increased its non-medical limits from \$5,000 to \$10,000 for men and single women ages 0-40. The limit for married women has been increased from \$2,500 to \$5,000.

ADVERTISING OFFICE:
175 W. Jackson Blvd., Chicago 4, Ill.
Associate Editors: John C. Burridge, Charles C. Clarke and William H. Faltysk.
Assistant Editor: Edmund J. Brophy

KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 9157. **William J. Gessing**, Resident Manager.

MINNEAPOLIS 2, MINN.—558 Northwestern Bank Bldg., Tel. Main 5417. **Howard J. Meyer**, Resident Manager.

NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. **Ralph E. Richman**, Vice-Pres.; **J. T. Curtin**, Resident Manager.

FRANK MONTESANI, 52, formerly for many years with the New York insurance department and in recent years with the California department, died in New York City. Mr. Montesani was chief of the bureau of rate regulations at the California department, but he had latterly been on leave of absence because of ill health. He had been with the California department since 1949.

He started in insurance with the agency of Platt-Fuller in New York City but joined the New York department in 1929. He became senior examiner there.

FREDERICK A. SAVAGE, 84, who retired in 1945 as general agent for New England Mutual at Baltimore, died at Bassett Memorial hospital, Cooperstown, N. Y., after a three-week illness. He was a past president of Baltimore Life Underwriters Assn. and a veteran of the first world war.

MRS. MARY H. FIRENG, retired assistant secretary of Insurance Federation of Pennsylvania, died at her home in Pennsauken, N. J. She had retired Sept. 1. Mrs. Fireng joined the federation in 1922 and in 1927 was made assistant secretary and office manager.

MRS. LOUISE PAULINE WISE MORGAN, 78, widow of David Bruce Morgan co-founder and former president of Northern Life of Seattle, died in a hospital there following a short illness.

GUY HYATT, 60, manager of ordinary claims of Western & Southern Life, died in Cincinnati after several weeks' illness. He had been with the company since 1927, when it re-insured Public Savings Life, with which he had been associated.

PETER E. SERANKO, 53 assistant manager of Metropolitan Life's Garfield district agency, 5944 West Madison street, Chicago, died there. Mr. Seranko began in insurance with Metropolitan more than 20 years ago.

WILBUR GRIMES, 70, for 24 years an agent in Chicago for Mutual of New York, died there. He had retired about 18 months ago.

WALTER K. R. HOLM, 84, associate general agent of Penn Mutual Life at Providence, R. I., died in Jane Brown Memorial hospital there. He entered life insurance at Newport, R. I., with Equitable Society in 1900, moving to Providence as Penn Mutual general agent in 1909. He was active in the business until last May. His son, W. K. R. Holm, Jr., now heads the Providence Penn Mutual agency.

SAM KESSLER, veteran Metropolitan Life agent at St. Louis, died there.

NATIONAL UNDERWRITER

—Life Insurance Edition
EDITORIAL OFFICE:
99 John St., New York 38, N. Y.
Editor: Robert B. Mitchell.
Assistant Editor: Warren Kayes.

ATLANTA 3, GA.—432 Hurt Bldg., Tel. Walnut 9801. O. Robert Jones, Southeastern Manager.

BOSTON 11, MASS.—207 Essex St., Rm. 421, Tel. Liberty 2-1402. Roy H. Lang, New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz, Chicago Mgr.; A. J. Wheeler, Resident Manager.

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgemuth, News Editor; Roy Rosenuist, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Prospect 1127. Alfred E. Cadis, Southwestern Manager.

DETROIT 26, MICH.—607 Lafayette Bldg., Tel. Woodward 1-2344. A. J. Edwards, Resident Manager.

KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 9157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—558 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Resident Manager.

NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3-4116. Clarence W. Hammel, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.

PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Bernard J. Gold, Resident Manager.

SAN FRANCISCO 4, CAL.—Flatiron Bldg., 544 Market St., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

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October 22, 1954

LIFE INSURANCE EDITION

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4 Additions Swell ALC Roster to 243 Companies

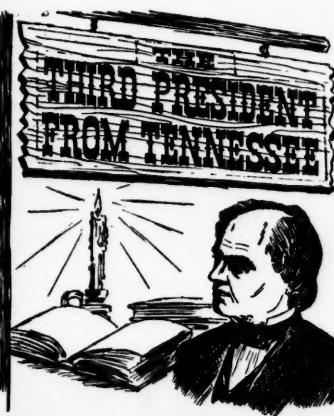
All American Assurance of Lafayette; Government Personnel Mutual Life of San Antonio; Great Eastern Mutual Life of Denver; and Old American Ins. Co. of Kansas City have been admitted to membership in American Life Convention, bringing ALC's roster to 243 companies domiciled in 43 states, District of Columbia and three provinces of Canada.

Writes \$2 Billion Group

Occidental Life of California passed the \$2 billion mark of group life in force at the end of September, president Horace W. Brower has announced. Total life in force at that time was \$4,948,154,211, a gain of \$168,869,393 over the June 30 total. Nine-months total of group was \$2,016,926,800, with ordinary \$2,931,227,411. Group was up \$83,889,046 over the six-month total.

New Co. Offering Stock

A \$50,000-share public stock offering has been announced by the newly formed General Services Life of Washington, D. C. The stock, with a par value of \$1 per share, is being offered to armed service and public buyers at \$10 per share. Capitalization consists of two stock issues—50,000 shares of class A now being of-

**ANDREW JOHNSON 1808**

WHEN LINCOLN was shot, a Tennessean named Andrew Johnson stepped into the Presidency. Before him, Andrew Jackson and James K. Polk had come from Tennessee to become President of the United States . . . making Andrew Johnson the third from Tennessee.

A tough, self-made man, Johnson was father of the famous Presidential Veto . . . became known as "The Great Commoner". Despite early-life disadvantages, he educated himself and was elected to Congress at the age of 35. From then on, Andrew Johnson served the people of his State and his Country.

The Life and Casualty Insurance Company had humble Tennessee beginnings, too . . . at \$12,50-a-month, one-room office. Today, 51 years later, Life and Casualty is making plans for building one of the largest buildings in the South as its new home office. Today, this humble fledgling of 1903, has more than a billion dollars of insurance in force . . . and plans for doubling it in the next few years.

Life and Casualty and Nashville are Growing Together

Life and Casualty
Insurance Company of Tennessee
Gulfard Dudley Jr., President
Home Office, Nashville, Tennessee

Life Insurance in Force
OVER ONE BILLION DOLLARS

ferred, which will have equal voting rights with the 50,000 shares of class B stock already sold. Class A has preferential dividend rights to a total of \$7 before any dividends may be paid on class B, which also has a par value of \$1 per share.

Carl Thompson, more than 20 years in insurance is president and director of agencies. He was formerly a board member and director of agencies for United Services Life, from which he resigned in 1950.

Brig. Gen. Merrit B. Curtis, (U. S. marine corps, ret.) former president of United Services Life, is vice-president and treasurer.

Advertising Woman Named NALU Field Services Director

Mrs. Ann Bickerton, editor of *AFA News*, monthly publication of the Advertising Federation of America, has resigned to become director of field services for National Assn. of Life Underwriters. Mrs. Bickerton also directed the speakers bureau for AFA.

Mrs. Bickerton is a graduate of the National Institute for Commercial and Trade Organization Executives at Northwestern university. She is on the publicity committee of the New York City chapter of the National American Trade Association Executives and also serves as counselor on publicity and public relations to the annual survey of advertising course sponsored by the Advertising Women of New York.

Executive secretary of the Peoria Advertising & Selling club for seven years, Mrs. Bickerton was also Peoria county executive director for the Illinois division of the American Cancer Society.

Mrs. Bickerton attended Greeley State Teachers College in Colorado and taught school for two years.

Fete Huebner at Denver

S. S. Huebner, president emeritus of the American college, was honored by Security L. & A. of Denver at a reception attended by 500 persons. Among those present were civic leaders, the governor, Luke Kavanagh, the retiring commissioner, and the new commissioner, S. N. Beery.

Mr. Huebner was in Denver to address a meeting of Colorado Assn. of Life Underwriters as well as CLU classes at Denver university.

NEW ILL. HAND-BOOK OUT

A new Underwriters' Hand-Book of Illinois has just been published by The National Underwriter Co. It provides complete and up-to-date information on agencies, companies, field men, general agents, brokers, solicitors, groups and organizations affiliated with insurance throughout the state.

Premiums and losses by lines, within the state, for all fire and casualty companies and life insurance paid for and in force for life companies are also presented in a special, statistical section. Copies may be obtained from The National Underwriter Co. at 420 East Fourth Street, Cincinnati, 2, O., or at 175 West Jackson boulevard, Chicago 4, Ill. Price \$12 each.

BUSINESS COVER**Five Rules Tell How to Value**

By DR. HARRY DINGMAN

Business insurance cases of modest amounts, say \$25,000 or less, are attractive to insurance companies. They are not without their special problems. What is the value of an inventor? He has ideas, but no money. He gets someone to invest \$25,000 in his invention and pay him \$3,000 a year for time and overtime, both of them in anticipation of future profits. Meanwhile the man with money wants a \$25,000 term policy on the man with ideas. In effect, he asks the insurance company to underwrite the invention, and that is not an insurance function. Occasionally a \$50,000 insurance policy is sought on a \$5,000 a year man who has special technical ability. Possibly he is a \$10,000 man but does not know how to collect it. In which event a company may be tempted to issue on the basis of five years' value. Hazard is that a firm that can buy personal services on bargain basis is also looking for insurance on bargain basis. The insurance company may well hesitate to concede value on the proposed insured beyond value that the firm itself pays for.

A banker's idea of business insurance was succinctly stated in five rules, five rules in five sentences:

Rule I. If the business produces no more with the efforts of the owner than the capital would produce if invested, the owner's death causes no substantial loss.

Rule II. If the business produces substantially more income than the capital would in ordinary prudent investment, the difference represents value properly insurable.

Rule III. If the business profits are increasing substantially each year, life insurance is justifiable to cover further increases in a reasonable time.

Rule IV. If the owner has large earnings, but dissipates them in personal expenses, life insurance coverage must be given conservatively.

Rule V. If the owner has large earnings, but withdraws them conservatively, life insurance coverage can be given more liberally (Knox).

Logically, there is no reason for double indemnity on third party applications. If \$10,000 is the proper amount of protection there is no sound reason to pay \$20,000 just because he gets killed in the street instead of dying in bed. Nevertheless, there is no adverse selection. The third party gives no encouragement to violent death. Logical or not most companies give double indemnity on business insurance when the amounts are modest and, particularly, when the doubled amount falls within the five times rule. If they do not, other companies do, in belief that there is no undue hazard. Similarly, waiver of premium on business insurance. Presumably the corporation can pay premiums whether the insured is disabled or not. Practically, it is not a moral hazard.

This is an excerpt from the 1954 edition of "Risk Appraisal" by Dr. Harry Dingman, vice-president of Continental Assurance. Acknowledged as an authoritative work throughout the insurance world, more than 800 life and A&H companies use the book as a basic text. It has received enthusiastic praise from many million dollar producers. The new edition, to be available early in November, can be obtained through the National Underwriter Co., 420 East Fourth street, Cincinnati, or any of its branch offices. The price is \$12.50.

State Mutual Regionals Set

Sales techniques will be discussed by State Mutual Life leaders at six regional meetings next year for quali-

fying agents. The two-day work sessions will be held at Chicago Feb. 21-22, Memphis Feb. 24-25, Oklahoma City Feb. 28-March 1, San Francisco March 3-4, Albany April 18-19, and Rye, N. Y., April 21-22.

Blue Grass Life of Covington, Ky., is offering to certain qualified agents the option of purchasing its stock at a pegged price within one year of the qualifying year-end. The maximum amount purchasable within the year is 50% of the annual bonus earned by the agent in question. The plan has been approved by the Kentucky department.

**SUCCESSFUL**

"Thirty-one years of estate planning have brought me clients in every age bracket, at every income level and in every walk of life," says R. Earl Denman of Cincinnati, "and always there has been a Pacific Mutual protection to fit every need."

A charter member of both the Top Star and Diamond Circle honor corps of Pacific Mutual Big Tree Leaders Club, and nine times his company's National Production Champion, Earl has distinguished himself nationally through life (and current qualifying) membership in the Million Dollar Round Table.

With a fully matured professional skill, this able Cincinnatian has utilized the completeness and versatility of Pacific Mutual coverages to achieve, both in terms of service to others and in his own career, an outstanding and widely recognized success.

Pacific Mutual

LIFE INSURANCE COMPANY

HOME OFFICE: LOS ANGELES, CALIF.

OF THE PACIFIC

1868

LIFE—ACCIDENT & HEALTH
RETIREMENT PLANS—GROUP

Hearst Writer Hits Wisdom of Buying Mutual Funds Now

NEW YORK—The Hearst chain's *New York Journal-American* for Oct. 13 provided some aid and comfort for life companies and agents that have been plagued by mutual fund competition. Lewis Haney, financial writer, strongly advised against buying mutual fund shares at this time, saying that investment trusts that hold only high grade stocks can pay no more than a savings bank, unless they do it by speculative gains, since the yield on high-grade stocks is now so small.

Mr. Haney points out that investment trusts can't avoid declining yields from dividends when the prices of stocks rise; they can't avoid speculative risk merely by diversification or by specialization in particular groups of stocks; they can't avoid the possibility of over-buying or over-staying in a rising market "unless they quit trying to sell you their own shares... So they tend to follow up and up as stock prices get higher and higher; they could not escape or avoid the general decline of the market if one should occur; and they can't possibly guarantee savings if the savings are invested stocks."

Mr. Haney said the only reason he could see for buying mutual fund shares near the top of a bull market would be for speculation but "you

can't take a chance on speculative gains without taking a chance of speculative loss." He also warned against going in for investment installment plans without understanding every detail of the contract and knowing how much the buyer would lose if he couldn't make all of the payments.

B.M.A. Advances Moates

Business Men's Assurance has appointed L. E. Moates district manager at Tallahassee, Fla. This is a new office, located at 219 South Calhoun street. Mr. Moates has been in insurance since 1946 and with B.M.A. since 1953. He was named a district supervisor last May. Last year he served as secretary-treasurer of Tallahassee Life Underwriters Assn.

LOMA Graduates to Hear Murphy

Ray D. Murphy, president of Equitable Society, will address the first fall meeting of Society of LOMA Graduates, Oct. 27 at the home office building of Equitable in New York City.

The Society is launching a membership drive to encourage many more fellows and associates of the LOMA Institute courses to participate in the post-graduate meetings and information exchanges of the organization.

ACTUARIES

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CONSULTING ACTUARIES

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116 John Street, New York, N. Y.

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W. J. BARR

CONSULTING ACTUARY
HOME STATE LIFE BUILDING
OKLAHOMA CITY, OKLA.

PENNSYLVANIA

FRANK M. SPEAKMAN

CONSULTING ACTUARY

ASSOCIATE

E. P. Higgins

THE BOURSE PHILADELPHIA

Objects to Calling Social Security Law Financial Cornerstone

Writing as one who believes that the social security system will "completely explode or bog us all down," Edward W. Merrill, general agent of Continental Assurance at Santa Ana, Cal., takes issue with the editorial in THE NATIONAL UNDERWRITER for Sept. 10 that advised life agents to take account, in their selling, of the large place that social security benefits are bound to have in the mind of the typical prospect.

For many, many years I have enjoyed my subscription to THE NATIONAL UNDERWRITER life insurance edition. Perhaps it will be my privilege to do so for a long time in the future. But in your Sept. 10 editorial, you went too far afield for your topic, information and inspiration.

First of all, it is not your function, in the opinion of this subscriber, to shape the training courses and methods used in the life insurance agencies who buy your publications. You are out of your own field at that point.

Second, you demonstrate that you haven't looked lately at your own "social security policy", quoting from your second column, bottom... "when today the worker earning \$4,200 or more a year is going to be provided with a lifetime income of \$162.80 for himself and his wife at the age of 65 you can't tell him with a straight face that he is not saving anything for a rainy day." Do you mean to imply that he is saving for a rainy day? What does your social security policy say? Of course, each one of us at this point sadly shakes his head, for all we have is one form or

another of evidence that we have paid "SS tax." No policy, no guarantee. And if that "rainy day" comes from clouds which gather before age 65—what then? No cash or loan value; no emergency benefit.

Having been very active in life insurance long before social security became operative, and expecting to live to see it completely explode or bog us all down, let me, as one of the many who will protest this editorial, urge you to stay out of the field of agency training. Be assured that I do not ignore government benefits of any kind in organized selling, particularly when a program is attempted with a prospect. But to use your phrase I really could not "tell him with a straight face" (nor an honest heart) that he definitely has all these predicated SS benefits assured for the future. To do so would ignore the warnings of our most reputable economists and financial observers. Referring again to your own phraseology, if this social security business truly is "the cornerstone of his financial structure", he is not to be envied as a builder.

New Albany A&H Unit Elects Richer President

The first officers of the Capital District chapter of International Assn. of A&H underwriters were elected at a meeting at Albany, N. Y. They are:

President, Hervey Richer, Security Mutual; vice-president, Edward R. Blackstone, Mutual of Omaha general agent; secretary, Louis Caplan, Security Mutual general agent; treasurer, Sidney L. Eisenberg, Eastern Casualty state agent; publicity chairman, Roland C. Van Loan, Eastern Casualty general agent, and board chairman, Louis Green, General Accident general agent.

NEWS
NOTE

from
FIDELITY
A WELL-BALANCED COMPANY

Low Cost Policy

Fidelity's new low cost policy, the Fidelity Special, has created a remarkable sales record since its introduction several months ago.

This policy, written \$15,000 minimum, carries a very low cost with low premiums, substantial dividends and high cash values.

It has raised a large number of normally \$10,000 sales to \$15,000 or more. Thus far, \$23,400 has been the average... combined with Term Riders, the average has been much higher. Written sub-standard as well as standard... commission rates the same as for the Company's regular Ordinary Life.



The
FIDELITY MUTUAL
LIFE INSURANCE COMPANY
THE PARKWAY AT FAIRMOUNT AVENUE
PHILADELPHIA • PENNSYLVANIA

October 22, 1954

LIFE INSURANCE EDITION

11

Sales Opportunities on March: Johnson

The tremendous social, economic and political changes of the past decade provide the greatest opportunity ever known for life insurance field forces to expand life insurance ownership to more adequate proportions, Holgar J. Johnson, president of Institute of Life Insurance, said addressing the agency leaders' convention of Colonial Life in New York City.

"The greatest benefits from the changes of recent years will be felt in the years ahead," Mr. Johnson said, "as the next generation adjusts its lives to take advantage of the changes. For the agency forces of life insurance, this means great opportunity; for the insuring public, it means the necessity of greatly strengthened family financial protection."

Citing a number of the important changes in which there is opportunity for the life underwriter, Mr. Johnson especially stressed the increased ability to buy adequate amounts of life insurance.

"A great new middle class has emerged in America," he said, "with more than 21 million families earning between \$4,000 and \$10,000 a year. Nearly 68% of last year's national income went to wage and salary earners. It is this middle income group that makes up the great mass market of America. To a large extent they are buying by pledging future income. The fact that people are buying things and paying for them out of earnings on 'The American Plan' marks a departure from the traditional practice of saving the money before the purchase is made—and in this there is further

challenge to the life insurance business, to see that adequate family protection is set up to meet the new conditions."

Among other changes cited by Mr. Johnson were "the disintegration of the family clan, with families breaking up into smaller, self-dependent units, increased job-dependency of recent years, rapid growth in population, new family formation, increase in young married couples, larger numbers of young children, and greater emphasis on education."

He said there is a dual responsibility in meeting the new conditions, that

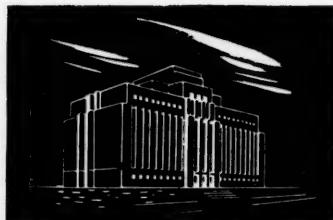
of the insuring public to become more aware of their family financial security needs and take action accordingly, and that of the agency forces in educating their clients to these greater demands. "Until American families have expanded their life insurance well beyond the present aggregate amounts, there will be many of them badly in need of greater protection. To raise the sights and spread the protection will require greater dedication upon the part of the field forces of the business, greater selling effort, better training and a continual adjustment to new condi-

tions. But the opportunity is there. The market is there. There is greater opportunity in this field than has ever existed in the past."

National, Vt., Business Up

National Life of Vermont's new paid business for the first nine months and for September increased 16.6% and 28.9% respectively. Business for the nine months was \$131,582,660. September business totaled \$17,344,404.

The Dillon agency at Atlanta ranked highest among the company's 60 general agencies at the nine-month mark.



YOU'LL FIND

it profitable to check with us
when you want to make the best
possible placement of business.

MORE THAN

\$1½ Billion

of life insurance
in force

MORE THAN

\$1½ Billion

in assets

If you are a full-time agent of another company, see us first for business you will not be able to place with your own company.

Serving policyholders
from coast-to-coast

BANKERS Life COMPANY
DES MOINES, IOWA

ESTABLISHED 1879

When you pass a milestone in your career, there's always the temptation to do a little crowing.

For instance, National Life has passed another milestone by going over the billion and a half dollar mark of insurance in force. In 1949, when we were 99 years old, we passed the billion mark and in the short period of five years another half billion was put on the books. Of the nearly 900 life companies in the United States, approximately 30 have topped the billion and a half mark. So probably we could be forgiven for making quite a fuss about it. But actually, what's behind the billion and a half?

The real point, it seems to us, is that in our 104-year history more than a million policies have been issued to people all over the country who have chosen our mutual company to help them become financially independent. Since its founding in 1850, National Life has paid to policyholders and bene-

ficiaries over \$740,000,000. Today over 315,000 policies and annuities are in force on families and individuals who have placed in our hands their hopes and plans for the future with a valuation of over one billion and a half dollars.

This makes us feel proud . . . and humble at the same time. That's why we're not doing much crowing . . .

But when we mail out these monthly checks and stop to think what each one means—a deserving student sent to college . . . a fatherless family held together under its own roof . . . a widow maintained in decent comfort . . . an elderly couple retired to well-earned leisure . . .

That's when we really feel like crowing!



National Life of VERMONT
Insurance Company

Montpelier

FTC Complaints Filed Against 17 A&H Insurers

(CONTINUED FROM PAGE 1)

old and its volume of life insurance is insignificant.

Mutual Benefit H.&A., Omaha. Dec. 16. 1,2,3,5,7.

Prudence Life, Chicago. Dec. 9. 1,2,3,4,5.

Reserve Life, Dallas. Dec. 17. 1,2,3,5,6,7.

Southern National Ins. Co., Little Rock. Dec. 15. 1,2,3,5.

Travelers Health Assn., Omaha. Dec. 15. 1,2,5.

United Ins. Co. of Chicago. Dec. 16. 1,2,4,6,7,8.

Following is the FTC's classification of the eight types of practices it found to be objectionable.

1. Misrepresentation of policy termination provisions.

2. Misrepresentation of extent of coverage.

3. Misrepresentation of maximum dollar limits.

4. Misrepresentation of beginning time of coverage.

5. Misrepresentation concerning health status of applicant.

6. Misrepresentation relating to sale of a plan.

7. Misrepresentation of benefits payable for life.

8. Misrepresentation concerning additional benefits.

Following is a direct quotation from the FTC announcement, which goes into some detail as to the eight types of practices. The descriptions of language and practices, it should be noted, are summaries designed to give a composite picture of the challenged practices. The fact that a certain number follows a company's name doesn't necessarily mean that it used the wording

quoted or followed exactly the practices cited in the correspondingly numbered paragraph below.

1. Misrepresentation of policy termination provisions—typical claims are these: "No automatic termination age, no increased costs or reduced benefits after policy is issued", "you and your family are covered from 1 to 75." Actually, most of the policies sold in this field are renewable solely at the option of the company. Each new premium purchases insurance for a new term. The majority of these policies can be cancelled by the company at the end of any term for any reason. This is done by refusing to accept the premium payment. The complaints challenge advertisements which falsely represent or imply that a cancellable policy will remain in effect as long as the insured pays his premiums.

2. Misrepresentation of extent of coverage—the complaints challenge advertising claims which state that benefits will be paid in case of accident or sickness generally. A typical claim is: "It pays you up to \$15 a day for 100 hospital days—for each sickness or accident."

There are in fact many cases of accident or sickness for which policies so represented do not provide payment. For example, many policies will not pay at all for losses due to certain causes such as nervous disorders, dental operations, venereal disease, pregnancy, childbirth, miscarriage, etc. They will not pay for losses due to other causes such as hernia, tuberculosis, heart disease, appendicitis, etc., unless originating at least six months after the policy date, and they will not pay for any loss due to sickness which can be traceable to conditions existing prior to the date of the policy.

3. Misrepresentation of maximum

dollar limits—many of the companies state that claims up to a specified amount will be payable for certain medical, hospital and surgical services. For example: "We pay up to \$525 for each surgical operation", "surgical fees, up to \$400." These claims imply that if a person has a surgical operation, he will receive up to the amount specified, depending on the cost of the operation. Actually, many policies provide that the full amount is payable only for one or two comparatively rare operations. The maximum amount payable for the average operation is one-fourth of the specified amount, or even less.

4. Misrepresentation of the beginning time of coverage—certain companies represent that the coverage is effective at the date of issuance when actually, coverage for many sicknesses is delayed until the policy has been in effect for a specified period of time—for example, six months in cases of tuberculosis or heart disease.

5. Misrepresentation concerning health status of applicant—certain companies state that no medical examination is required to obtain their policies. This implies full coverage without regard to the general health of the applicant when the policy is issued. What the advertisements do not disclose is that the policy does not cover any loss traceable to a condition in existence at the time policy was issued.

6. Misrepresentation relating to sale of a plan—representations of some of the companies imply that a great number of benefits can be obtained from the purchase of one policy for a few cents a day when actually several policies must be purchased at a higher cost to obtain all the listed benefits.

7. Misrepresentation of benefits as payable for life—some of the companies have made representations which imply that a specified income will be paid as long as the insured is disabled, even if for life. For example: "It pays you a regular monthly income up to \$200 when disabled by accident or sickness—even for life." As a matter of fact, such payments are payable for a limited period of time in cases of disability due to sickness or cases of partial disability due to accident. Only in cases of absolute total disability due solely to accidental bodily injury are the payments made as represented.

8. Misrepresentation concerning additional benefits—this category includes representations that certain benefits are payable in addition to other benefits when they are actually payable on a mutually exclusive basis.

COMPLAINTS DRAW ANSWERS

Mutual of Omaha

Statement of Phillip E. Horan, general counsel, Mutual Benefit Health & Accident:

"Inclusion of the name of Mutual of Omaha in the list issued by the Federal Trade Commission indicates to us that the commission has been ill-advised. For our company is the only one on the list which is licensed in every one of the 48 states and the District of Columbia, and is consistently examined, supervised and approved by the insurance commissioners of all of these states.

"It appears to us that a conflict has arisen as to whether we are to be supervised by the individual state insurance commissions located in each of the states in which we do business, or by the Federal Trade Commission in Washington. Undoubtedly this will be a legal question which the courts will have to ultimately determine.

"Under the supervision of the state

insurance commissions, Mutual of Omaha has grown to be the largest exclusive health and accident company in the world. Also, it has achieved an unusual record of public service reflecting in the fact that we provide more benefits for our policyholders and maintain a lower underwriting expense ratio than the average of all other major companies in the U. S. writing individual business.

"We have never in our history had any conflict with the Federal Trade

WANT ADS

Rates—\$15 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P.M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER—LIFE EDITION

SPLENDID OPPORTUNITY FOR EXECUTIVE POSITION IN COMBINATION COMPANY

Old established eastern company with about \$400,000,000 life insurance in force is interested in exceptional man with experience in field and Home Office operation. Position requires ability to plan and supervise field training program as well as qualifications to assist in field supervision. Attractive salary and excellent opportunities for future. Advise in detail as to background and experience. Reply confidential. Those in our organization are aware of this ad. Apply Box B-28, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

ACTUARY—WANTED

Midwest Consulting office has opening for young Associate or Fellow. Address Z-73, The National Underwriter Company, 175 West Jackson Boulevard, Chicago 4, Illinois.

AGENCY SUPERVISOR WANTED

Well established Southeastern Combination Company has opening for Company Supervisor of Agencies. Must have successful background. Give complete personal history. Address National Underwriter Company Box B-42, 175 W. Jackson Blvd., Chicago 4, Illinois.

SUCCESSFUL V. P.—AGENCY DIRECTOR

Seeks final connection: Denver, Pacific Coast, OR? Will consider similar position, but prefer sound agency. Excellent record, 15 years exp., Age 35. Available immediately. Write details—Box B-45, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

MANAGER

For major New York Company to spend indoctrination period as assistant manager in Cleveland. Unusual opportunity for successful, aggressive individual. Please give complete personal history. Address B-39, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

OPPORTUNITY

A rapidly growing Company in Mid-West with over \$100 million insurance in force has excellent opportunity for right man to start as Asst. Agency Director or Supt. of Agents. A&H or Group experience not necessary, but desirable. Write Box B-38, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

GENERAL AGENCY WANTED Los Angeles, Calif.

Man 32 years old interested in General Agency opportunity in Los Angeles area. Seven years successful experience with large company in personal production and supervision. Box B-44, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

GROUP REGIONAL SALES MANAGER

Opening in Cleveland area. Progressive, rapidly expanding and well known Mid-West Company. New Group organization forming. Income open. Address B-29, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

NEEDED SUPERINTENDENT OF AGENCIES

for a sound, rapidly-growing Company with around Seven Hundred Millions of Insurance in Force and over a Hundred and Fifty Millions of Assets.

Applicant must have experience in recruiting, training and supervision of a sales organization. The position would demand the normal amount of travel.

A Company Vice-President will be at the Edgewater Beach Hotel, Chicago, during the week of November 7, 1954. In order that our Vice-President may contact you, send your qualifications, under confidential cover, and where you may be reached by telephone during that week to:

B-35 NATIONAL UNDERWRITER

175 West Jackson Blvd.

Chicago 4, Illinois

October 22, 1954

LIFE INSURANCE EDITION

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the largest
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Commission over our advertising, and we think it was a mistake for the commission to issue a public release stating technical and other objections to our operation without consulting first with the state insurance commissions under which we have operated our business during all of our 44 years of insurance services.

"We want to get along with all public boards, and we will naturally meet all supervisory requirements made of us."

Better Business Bureaus Assn.

Victor H. Nyborg, president of the Assn. of Better Business Bureaus said of the FTC complaints against the 17 A&H insurers, "It is evident that the federal government, through the Federal Trade Commission, believes that the public is not adequately protected under the insurance laws of states in which a company may do business. This may come as a shock to some people but it must be obvious to all concerned that if it is proved that the public is not adequately protected against trickery or fraud under state laws or by the voluntary efforts of the companies themselves some other means of protection for the public as well as legitimate competition inevitably must be invoked."

Joint Committee on Health Insurance

The Joint Committee on Health Insurance made public the following statement regarding the FTC complaints:

"The A&H business has cooperated

fully with the Federal Trade Commission to aid the commission in its inquiry into the advertising of companies issuing A&H. Nearly 900 companies are now engaged in this increasingly important area of individual and family protection. The companies voluntarily submitted their advertising literature to the commission for its examination and suggestions.

"The complaints filed by the commission are not a definite finding or ruling that the advertising in question actually violates the provisions of the Federal Trade Commission Act, nor does the filing of these complaints imply that the relatively few companies concerned are averse to changing their advertising to remove Federal Trade Commission objections.

"The complaints, of course, do not constitute a criticism of the advertising literature of the business as a whole nor should they be interpreted as criticism of A&H contracts issued by any of the companies. The A&H business recognizes its responsibilities in helping the public to meet the cost of maintaining high standards of health care. It now provides hospital expense insurance for 57 million people; surgical expense insurance for 60 million people and protection against loss of wages as a result of sickness or accident for 40 million people. The growing public acceptance of A&H is demonstrated by the fact that the amount in force has quadrupled during the past 10 years and has more than doubled in the past three years.

"The business believes it should further intensify its effort to increase

A&H protection for a steadily growing portion of the insurable public. Advertising is one of the most important methods through which still further widespread distribution of this form of insurance will be accomplished. The business is making every effort to have advertising conform to the highest standards. It desires to cooperate with the state insurance commissioners and the Federal Trade Commission toward this end.

"The advertising codes recently established by the A&H company organizations provide advertising ethics and practices that reflect clearly the desire of their members to follow the highest standards. Compliance with the codes should assure advertising that meets those standards."

Bankers Life & Casualty

Of the FTC charges, Bankers Life & Casualty of Chicago said: "There is a constant problem of getting the public to understand both the benefits and the limitations of all forms of insurance. The one purpose we feel sure the federal government, state governments and the insurance companies have in common is to serve and protect the public interest."

"We do not yet know whether this FTC matter is a clarifying move or a jurisdictional question between the state and federal regulatory bodies. Nor can we speak for the industry. But this much we are sure of—we will keep our responsibility to our policyholders as the sole guide to our own action."

**Schultz Made Ordinary V-P
for Independence of L. A.**

Independence of Los Angeles has appointed Leslie P. Schultz vice-president in charge of the ordinary department.

In life insurance 10 years, Mr. Schultz started as an agent with Northwestern Mutual and later went with Union Mutual Life. He served that company as a supervisor and manager in the midwest, going to Los Angeles in 1952 as director of agencies for the western division.

Continental Amer. Up 49%

New business written by Continental American in the first nine months of this year was up 49% from the same period of 1953 and more than double the same 1951 period.

More Time for Selling!

**NO ROUTINE CLERICAL WORK
FOR OLD LINE LIFE AGENTS**

The home office maintains and furnishes a complete detailed record of each agent's business. This EXTRA service eliminates the necessity of agents keeping their own records or hiring clerical help to do it. It gives Old Line Life agents more time for selling!

The OLD LINE LIFE Insurance Company of America
HOME OFFICE: MILWAUKEE, WIS.
Wisconsin Ave., at 11th St.

LIFE
SICKNESS
ACCIDENT
HOSPITAL

I was almost hit by the red carpet

MY COMPANY STRESSES THE HUMAN ELEMENT . . . They really roll out the red carpet for me, and I'm human enough to enjoy it. I like dealing with the folks at The Berkshire because they all talk my language . . . but it's as you might expect from a Company whose entire Agency Department staff is from the field. I get the kind of individual attention that proves my problems are my Company's problems, too.

Complete personal coverage in Life, Annuities, Accident & Health and Hospitalization.

KEEP YOUR EYE ON
BERKSHIRE
LIFE INSURANCE COMPANY

PITTSFIELD, MASS. • A MUTUAL COMPANY • CHARTERED 1851
W. RANKIN FUREY, C.I.U., Presid. Mgr.

IN OUR SECOND CENTURY
OF SECURITY AND SERVICE

**LONG TERM BANK LOANS
ARRANGED ON VESTED
RENEWAL CONTRACTS**



**LIFE AGENTS
GENERAL AGENTS
AND BROKERS**

U. C. & G. C. serves the financial needs of those engaged in the Life Insurance Business. Your tax problems may be simplified and savings effected. Correspondence invited.

UNDERWRITERS CREDIT & GUARANTY CORPORATION
405 Montgomery Street, San Francisco 4, California

N.Y. Regulation Holds U.S. Supervision Threat

(CONTINUED FROM PAGE 1)
able to policyholders than that called for by statute.

2. Regulations of broad legal significance should not be made except after notice and hearing, in order that the industry and the public should each have opportunity to express its opinion.

3. The commissioner should be required to make "findings of fact" in connection with any new regulation. The regulation becomes, in effect, subordinate legislation, and "findings of fact" would both give the department a check on its actions and the public

a chance to scrutinize the actions.

Mr. Guest credited the system of governmental supervision in this country, keyed to state regulation of the business, with being one of the important factors in keeping the development of life insurance in the United States sound. He also said that much of the credit goes to the supervisory officials who have had in most cases a sympathetic understanding of the responsibilities of administering life insurance companies.

He expressed the hope, however, that "we in the United States may continuously move toward a better system, a more uniform system, a system that could not be construed as restraining interstate commerce."

**when you
see
this sign....**

It's time to talk



Masterplan

She's 28. She's working to support her mother. She's ready to listen to MASTERPLAN.

Mary has a two-fold problem. To provide protection for her mother today... build for her own security tomorrow. To realize both of these objectives Mary buys a policy with a face value of \$10,000. Her annual premium is \$308.70. At the age of 46 Mary will have a full paid-up insurance estate of \$10,000 requiring no further deposits. She will have paid-in only \$5,556.60 and yet when she reaches 65 she will be provided with a cash fund of \$8,660 (including dividends) — a profit to Mary of \$3,103.40! If she chooses to continue deposits until the age of 61, at 65 she will have a total cash fund of \$15,290—or an annual income of \$1,029.60 for the rest of her life.

Extraordinary case?... NO! Exceptional benefits?... YES! And these are just a few of the many unique features in MASTERPLAN—a Complete Insurance Program wrapped-up in one simple, easy to sell package.

For further information, write
Frank Vesser, Vice President.

General American Life

one of the nation's leading mutual legal reserve companies

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GLOBE LIFE INSURANCE COMPANY

Attractive Agency Contracts

COMPLETE LIFE INSURANCE

COVERAGES—Ages 0-60

For Particulars Write Home Office

159 North Dearborn St., Chicago 1, Illinois

WILLIAM J. ALEXANDER, PRESIDENT

North Central Ind. A&H Men Organize, Elect H.P. Means

North Central A&H Assn. was formed at a meeting at South Bend and thus becomes the second local association in Indiana. The other is at Indianapolis.

Harold P. Means, Means agency, was elected president; Dale Apt, Lincoln National, vice-president, and Loyal Wilson, Jr., Mutual of New York, secretary. All officers are from South Bend. Mr. Means is a past president of the state A&H association.

interest rates means bonds are called to get refinancing at lower rates. Should the life companies be looking harder at other investment outlets? If the answer is yes, said Mr. Badger, then there is the problem of stringent legal restrictions in many states.

"Should we, therefore, be giving greater consideration to having the investment part of the laws modernized to meet present requirements and opportunities?" he asked.

Benefit Plan Conference

R. R. Shinn, vice-president of Metropolitan Life, and E. A. Van Steenwyk, executive vice-president of Associated Hospital Services (Blue Cross) of Philadelphia, discussed "Hospitalization and Surgical Benefits—Insured or Blue Cross?" at the annual conference of Council on Employee Benefit Plans at New York City.

Joseph W. Moran, New York Life, and George C. Foust, Jr., Towers, Perrin, Forster & Crosby, New York City pension consultants, were members of a panel that considered the "Future of Major Medical and Catastrophic Insurance Benefits."

Seattle CLU's Award Scholarship

The Fred M. Cassidy fellowship award sponsored annually by Seattle CLU chapter this year went to James A. Wickman, a senior in the business school at University of Washington.

The \$250 award is a memorial to the late Mr. Cassidy who in 1935 was president of American Society of CLU. Presentation was made by Herbert L. Wickstrand, Mutual Life of New York.

Top Attorneys Discuss Taxation

LOS ANGELES—Leading attorneys from all over the nation spoke at the annual institute on federal taxation at Southern California university school of law Oct. 20-22.

ATLANTIC CURRENTS

Agency Forces Plan For HAVANA Meeting

Members of the agency organization of Atlantic Life will hold their 1955 convention in Havana in January.

Leading field underwriters and their wives are to sail from Miami and spend 4 days and 3 nights in Cuba. The famed Hotel Nacional is the site of the convention.

Recognition of top producers during 1954 will be the major feature of the business sessions.

ATLANTIC LIFE

INSURANCE COMPANY
HOME OFFICE: Richmond, Virginia

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New Promotions Further Decentralization of N. Y. Life Training

New York Life has furthered decentralization of its sales training division with several promotions in the home office and at St. Louis.

Charles T. Bell, formerly supervisor of advanced underwriting, was named regional manager of training in the west central division at St. Louis, and William A. King, manager of EPP (employee protection plan) sales since 1953, was appointed regional manager of training in the eastern region at New York.

Fred G. Kimball, formerly manager of basic training, was named manager of training in the home office, and Joseph D. Herring, formerly advanced underwriting consultant, was appointed senior consultant of training. These appointments follow that of Arnold R. Beck to regional manager of training in the Pacific region at San Francisco.

Mr. Bell joined the company in 1947, later served at Washington and Charleston, and went to the home office in 1953. Mr. King, who has been with New York Life since 1936, also was at Washington and Charleston before being appointed supervisor of basic training in the home office in 1950. He became manager of basic training in 1951.

Mr. Kimball entered the business in 1945, later became associate director of the Purdue course and joined New York Life in 1952 as assistant manager of basic training. Mr. Herring has been with the company since 1936.

American Mutual, Iowa, Sales Already Ahead of '53

New business of American Mutual Life of Iowa as of Oct. 7 had already exceeded the company's total production for all of 1953.

Paid business at Oct. 7 was about 36% greater than that for the same date a year ago.

Wis. Life Managers Meet

Life Managers & General Agents Assn. of Wisconsin at its annual meeting held jointly with Insurance Society of University of Wisconsin at Madison, Oct. 21 heard Miss Lorraine Sinton, the Mutual Benefit Life, Chicago; John C. Zimdars, New England Mu-

tual, Madison, and Harold F. Bowes, Phoenix Mutual, Milwaukee. State President Harold E. Kasche, Aetna Life, Milwaukee, was meeting chairman.

Franklin President's Birthday Drive Started

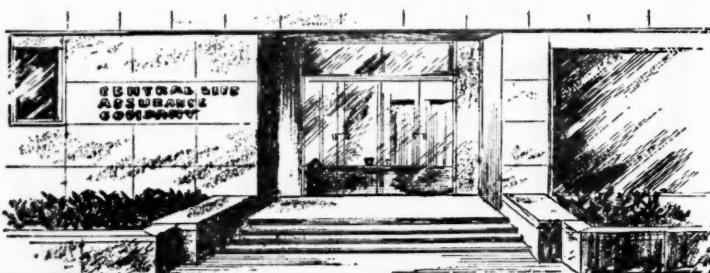
Franklin Life has opened its annual six-weeks sales drive by its field men in honor of the birthday of President Chas. E. Becker. The theme of the drive, which each year has set a new record of production, is "Start Packing," to coordinate it with a four-month European contest, "The Trip of a Lifetime" extending from Sept. 1 to Dec. 31. Five trips have been offered as prizes. The president's Birthday Campaign offers special cash and merchandise credit point prizes to coordinate with the trips.

To Vote on Capital Boost

A special stockholders meeting has been scheduled for Nov. 16 by National Old Line of Little Rock to consider a proposal to increase authorized capital stock to a maximum of \$400,000. The increases would be made from time to time by directors. The company presently has capital of \$250,000, represented by 50,000 shares of \$5 par value stock.



George T. Conklin, financial vice-president of Guardian Life the retiring chairman of the financial section of American Life Convention, shown with his successor elected at the group's Chicago annual meeting, J. H. Windsor, financial vice-president of Equitable Life of Iowa.



New home for a growing company

Efficient management plus carefully chosen and trained personnel have combined to maintain the sound and consistent growth of Central Life over the last 58 years.

As a result, one of the most modern office buildings in the midwest is now under construction and will soon house the company which has established this enviable record.

"Where QUALITY is the Keynote"

CENTRAL LIFE ASSURANCE COMPANY • Des Moines 6, Iowa



Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

shown to be misleading to anybody.

Advertising material of companies he represents was on file with the commission before institution of its A&H investigation, Mr. Layne said and he stated he has letters showing that advertising material was approved by the staff of the commission.

Superintendent Jordan of D. C. said he is confident actions alleged in FTC complaints did not occur in the district. He said his department has observed no offenses among companies licensed there, which are Mutual of Omaha, Bankers L. & C., Reserve Life and United.

Liberalized SS Causing Pension Changes

Because of the liberalized payments and extended coverage provided by the new amendments to the social security act, a substantial number of New York City business houses are considering modifying their retirement plans, according to a survey just completed by the Commerce and Industry Assn. of New York City. Returns from 206 companies covering 209 pension plans show that changes are definitely planned by 26 companies, alterations are being considered by 42 others, and 141 programs will not be revised. A markedly greater tendency toward modification is shown by companies with "integrated" retirement plans rather than those whose pension systems are not tied in with social security.

Philadelphia Life Votes Capital Increase

Stockholders of Philadelphia Life voted to increase authorized capital stock from \$1 million, consisting of 100,000 shares, to \$1.5 million consisting of 150,000 shares. The increase will be used to expand.

New England Mutual Appoints Brown, Ferguson

New England Mutual has named Lorne S. Brown and William B. Ferguson assistant director of field training and assistant director of agency finance respectively, in the agency department. Mr. Brown joined Canada Life after service in the second world war. Mr. Ferguson joined Massachusetts Mutual in 1938, becoming agency assistant in 1948.

Policy, Rate Changes by Provident Mutual

Provident Mutual Life has announced modernization of its whole life protector policy which provides for lower premiums during the first two policy years than for subsequent years. The minimum has been increased to \$10,000 and the ages at which it will be issued have been extended to include age 10 to 70. A medical examination will be required. There is a new schedule of low net and ledger costs on this policy.

Also announced was a substantial reduction in premium waiver rates and new extensions in limits for life insurance, premium waiver and annuities. Additional changes in Provident Mutual equipment include revision of the salary savings plan and a simplification of the application form.

Management Conference Held at Baltimore

The first management conference sponsored by General Agents & Managers Round Table of Baltimore featured W. Rankin Furey, president Berkshire Life; William P. Worthington, president Home Life of New York; Fred I. Wunderlick vice-president Baltimore Life, and these Baltimore men: David Goodman, manager Metropolitan, J. Henry Hooper, general agent Provident Mutual, and Harry I. Warren, general agent State Mutual.

Willis J. Milner, vice-president Life of Virginia, spoke on "Gold Is Where You Find It" and John Z. Schneider, general agent at Baltimore for Connecticut General, offered "Comments on the New Tax Law." There also was a round table devoted to recruiting.

Connecticut Department Names Hall

Hartwell L. Hall has been appointed chief examiner by the Connecticut insurance department in life and A&H. This reflects increased activity in personal and group accident, sickness and hospitalization lines. He joined the department in 1925 after experience with Travelers in the actuarial department. He became chief life examiner of the department in 1949.

Sam Cummings Addresses Los Angeles Managers

LOS ANGELES—O. Sam Cummings, general agent for Kansas City Life, Dallas, past president of National Assn. of Life Underwriters, was the speaker at the meeting of Life Insurance Managers Assn. here, talking on "The 6 M's of Agency Management." Greeted by the largest attendance of the association in recent years, Mr. Cummings divided his talk in two sections, the first dealing with the human and spiritual side of the business, the second with the material considerations, sales and business management of the agency.

Brooklyn Agents to Meet

"The New Look in Life Insurance" will be examined at a meeting Oct. 27

of the Brooklyn branch of New York City Life Underwriters Assn. by Harry K. Gutmann, Mutual of New York, president of the association, and Emanuel M. Belkin, director of agencies in the district agencies department of Prudential.

Seattle Managers Hold Study

Seattle Life Managers Assn. covered the first half of Section II on recruiting in the LIAMA course at its Oct. 18 meeting, with Lew Yount, Prudential, as moderator.

JOHN N. HARRIS, president of the Praetorians, died in a Dallas hospital. Mr. Harris had been president of the fraternal society for eight years. He long was interested in activities of National Fraternal Congress and was in attendance at its recent Atlantic City convention.

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A noteworthy combination of insurance and retirement benefits protect him
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Insurance for the insurance man—Equitable really believes in it!

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The coverage available to Equitable representatives includes:

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- and retirement benefits that start at 65

*for agent, wife and minor children

More than six hundred Equitable men and women today receive retirement income. Many of them keep on selling and still draw benefits. Renewal commissions continue in every case.

A selling career with Equitable offers more

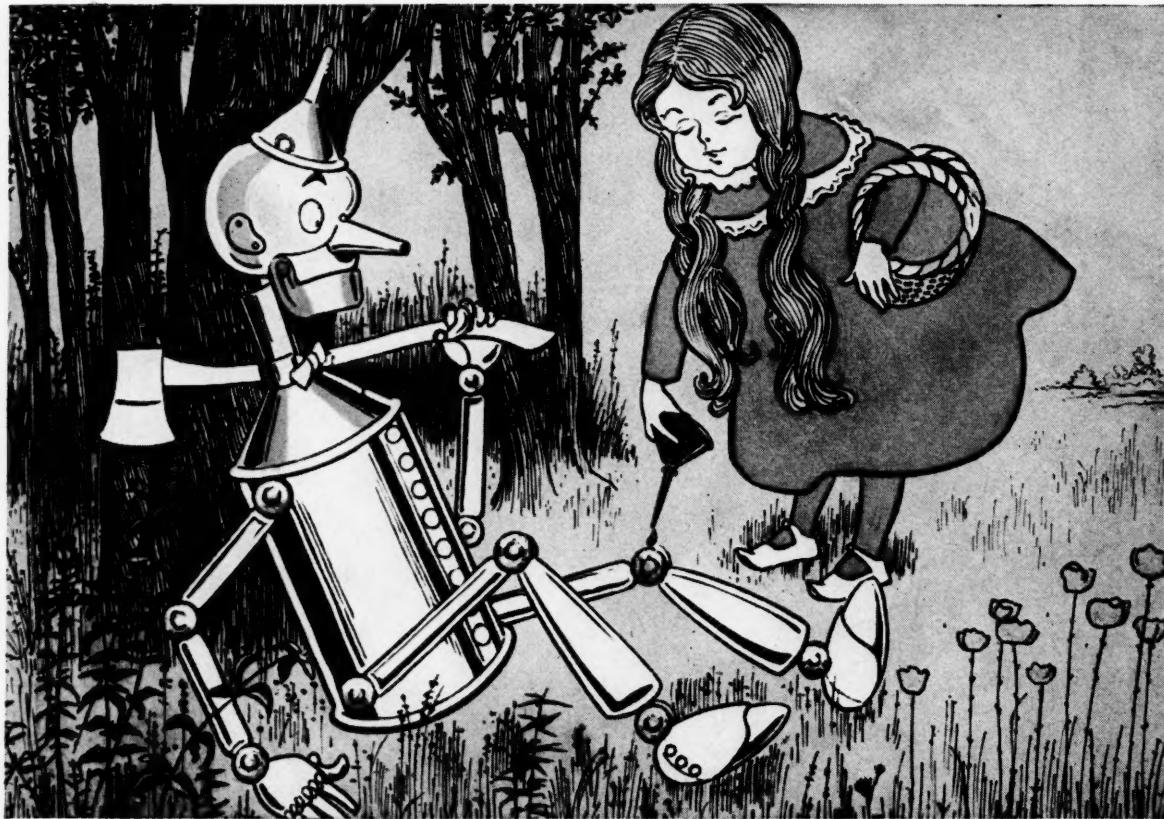
than a good living. The man from Equitable builds a lifetime of security—and his future gets brighter each year.

THE

EQUITABLE

LIFE ASSURANCE SOCIETY OF THE U. S.

HOME OFFICE: 393 SEVENTH AVENUE, NEW YORK 1, N. Y.



Here's a good "lesson" about ARTHRITIS . . .

NEARLY everyone knows the story of "The Wizard of Oz" . . . and how Dorothy, the little girl in this tale, met a man made of tin.

As the story goes, the Tin Woodman, after a year of exposure in the forest, could not move because his joints were badly rusted. So, Dorothy oiled his joints. Thereafter, the Tin Woodman was able to journey with Dorothy to see the wonderful Wizard of Oz.

In a way, this fable points up some important facts about the joints of the human body and the disease that often affects them—arthritis. Like the joints of the tin man, the body's joints can also "rust" or become stiff over the years. However, with proper medical care, they can usually be kept flexible and workable in most cases despite arthritis.

The most common type of arthritis . . .

called *osteoarthritis* . . . occurs in middle age and later life, probably because of wear and tear on the joints. While it usually does not lead to severe crippling, it may cause varying degrees of disability. Consequently, recurring aches and pains in and about any joint . . . as well as tenderness and stiffness of the joints . . . should never be dismissed as "a touch of rheumatism."

The second most common form of arthritis occurs most often in younger people. Known as *rheumatoid arthritis*, it is a serious disorder that may involve all the joints. It can also be controlled in many cases when proper treatment is started early.

There is as yet no cure for either *osteo* or *rheumatoid* arthritis. Doctors, however, have many effective treatments for relieving pain and restoring joint function. Greater gains against arthritis will undoubtedly be made as new methods of

therapy are perfected.

Meantime, there are some safeguards that all of us can take to lessen the chances of developing arthritis or to control arthritis if it does occur. Among such precautionary measures are—keeping your weight down; maintaining good posture; getting enough rest and sleep and having periodic health and dental examinations.

To control arthritis, see your doctor promptly whenever persistent symptoms occur in any joint, or when you feel "run down." Give him your complete cooperation and always rely on the individualized treatment he prescribes. So-called "sure cures" generally provide only temporary relief.

Today, when proper treatment is continued persistently, at least 70 percent of all arthritis patients are spared serious disability and returned to reasonably good health.

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